TRANSCRIPT OF THE PRIME MINISTER THE HON JOHN HOWARD MP AND ROBERT B. ZOELLICK, UNITED STATES TRADE REPRESENTATIVE PRESS CONFERENCE, PARLIAMENT HOUSE, CANBERRA 14 November 2002

Subjects: Australia-US relations; free trade agreement; Amrozi; Bali investigation

Ladies and gentlemen, I'd like, on behalf of the Australian Government, to welcome again to Canberra and Australia Ambassador Bob Zoellick, the United States special trade representative.

The Australian-US relationship is very strong and very deep, not least in trade and economic areas. And as you know over the past few months, indeed, over a period of a couple of years there have been discussions and some focus on the possibility of taking that relationship a major step forward through the possible beginning of negotiations for an Australia-United States free trade agreement.

This morning, along with my senior ministerial colleagues, we've had an opportunity of talking about different dimensions of the trade and economic relationship. Needless to say both of us and our two governments remain very strongly committed to that relationship and doing everything we can to make it even stronger. I'd like to invite Ambassador Zoellick to say a few words and then we'll take a couple of questions.

ZOELLICK:

Well thank you, Prime Minister. And I just want to start by thanking the Prime Minister for the honour of having a chance to meet him on this visit. I know he's got a pretty hectic schedule. And when I opened my conversation with him, but also with his Cabinet colleagues - and I'd like to share this with the people of Australia - is the sense of extraordinary sympathy the people of the United States have for the bombing in Bali. We know that this was a tragic event for all of us but, frankly, Australia took the hardest blow. We know what a sense of shock that it's created here and it's something that we hope that we can work with you around the world to eradicate it so it doesn't happen again.

I told the Prime Minister this morning that the President had authorised me to send a letter to the Congress notifying that the United States would like to begin free trade negotiations with Australia. So that letter was just going up today to the Congress. Under the procedures we have, under the trade promotion authority law we passed this summer, this requires a 90-day notification before we can actually begin negotiations but we look forward to doing that early next year. And I have talked with Minister Vaile about trying to use the time in between to help with the preparations and develop the

terms of reference. We, and I believe Australia, are looking for a comprehensive agreement. We believe this can do a lot for both economies but as we discussed with the Prime Minister there are a lot of other economic interactions here that will be beneficial. In terms of investment flows, we both are very large investors in one another's country. Before I came back to government I was in the financial sector and I know the international business networks that are developing that Australian firms are part of but I think we can draw closer ties through this free trade agreement and we discussed some of those with the members of the Cabinet.

At the same time I think it's a wonderful combination that the primary reason that I come to Australia was for a meeting that Minister Vaile is hosting in Sydney dealing with the Doha negotiations, the WTO. We work very closely with Australia to try to move those negotiations ahead. We are committed to completing those by 2005. The date that we set last year in Doha. Our trade promotion authority gives us some strength in doing that. And, frankly, we've been very good allies in a topic that we both like to try to be competitive in, although now and then we've got some differences, which is agriculture. And I just want to thank the Minister for the efforts that he's had working with this in the leadership of the Cairns Group to try to move that forward.

The last point I just make is that one of the reasons I think this agreement is important beyond the economics is the fact that Australia and the United States have had a lot in common over the years but I remember while I was out of government being part of a group called the Australian-American Leadership Dialogue which was put together in January '92, actually, the first idea, when I was here with President Bush's father. And the concept was that with the passing of the World War II generation it was important that the bonds between our countries remain strong, not only between governments but between individuals and societies. And that's what that dialogue was about and I hope that this free trade agreement can also help strengthen the societal connections because this is, I think, my seventh or eighth trip to Australia and I know it's a wonderful country, a good friend of the United States and we hope to strengthen ties.

JOURNALIST:

How confident are you that the hurdles on agriculture and content rules can be [inaudible] to achieve free trade in agriculture?

PRIME MINISTER:

Can I first of all say that I'm delighted at the announcement that the Ambassador has made. I want to pay particular tribute to him for his personal investment of time and effort. As a Prime Minister, as a serving politician of 29 years, I know the tensions and the challenges that frequently exist between domestic considerations and broader national goals and imperatives and their considerations. And it's a very important day in the relationship. It's challenging but I enter it in a very determined fashion. I think if we work hard we can pull it off. It won't be easy but we are very committed to trying to bring about a favourable result because if we can achieve this it will mean an enormous

amount to both countries, it will be a further strengthening element in an already very strong relationship. But a free trade agreement between Australia and the largest economy in the world will be of enormous long-term benefit and long-term strengthening for the economic fabric of this country. Now, we all understand the competing pressures, we've talked about them, but we also know that if they are approached in a positive way, I mean, we're not going into this contemplating that we're not going to pull it off. We're going into this because we intend to work very hard to bring it about and it will be challenging, it won't be easy but we do it in a very upbeat mood and we also do it against the background of it having very high level commitments. And the President's very committed to it, I'm very committed to it, my Cabinet colleagues are very committed to it. And can I also say that each of our countries has in the other excellent diplomatic representation. Michael Thawley for us in Washington has already worked tirelessly and Tom Schieffer for the President here in Canberra has done likewise. It will be important over the months ahead that those in Australia that want this to be achieved, they have to work hard and they have to speak up for it. And it will be equally important for those in the United States who want this achieved, will have to speak up for it. But I am conscious of the concerns and constituencies in my own country as I know the President is in his but if you have the commitment to it against the background of a belief in the importance of the broader relationship I think we can pull it off and if we can we will have done great service for future generations of Australians and Americans.

JOURNALIST:

Is it feasible to have complete free trade in agriculture between Australia and the United States?

ZOELLICK:

Well as I mentioned to the Prime Minister, we're trying to seek a comprehensive agreement and the way we have approached free trade agreements is we try to make them as absolutely broad as possible and that includes agriculture, manufacturing, services. I just received a letter from about ten American farm groups. They recognise that US farmers have some great potential in terms of being able to sell in Australia. There are some items we need to work through on both sides in that but in addition, as my opening comments suggested, the United States and Australia are great partners on some of the global issues because obviously agriculture is particularly a case of global commodities. And so we don't want to shrink at the same time from working on trying to cut subsidies, cut tariffs, remove export subsidies globally, and at the same time I think we can open our bilateral markets.

JOURNALIST:

Bearing in mind the long standing relationship with New Zealand [inaudible] implications for New Zealand.

PRIME MINISTER:

Look this negotiation is a bilateral negotiation between Australia and the United States and we are as always concerned and willing to look to New Zealand's interests where there is a capacity to do so and I'm keeping in very regular contact with the New Zealand Government. There is an acceptance on both sides of the Tasman that because there are some different trade interests, I mean for example dairy bulks far more largely in the New Zealand mind in any international negotiation than it would for Australia. It's necessary for us to keep in touch with each other and have a close exchange of information, but also to recognise that there is an Australia and United States bilateral dimension and there is a New Zealand-United States bilateral dimension. But we will to the maximum extent possible tick-tack with New Zealand, keep New Zealand informed and do what we can consistent with our own objectives to assist New Zealand.

JOURNALIST:

Desire by both governments to have comprehensive trade agreement, does that mean that neither country is interested in a multi-staging approach where the easy bits are done first?

ZOELLICK:

Well one of the things I have learnt over time is not to negotiate with journalists. And so what we're trying to do, as I said, that we sent up a letter to the Congress today. It's about an eight page letter. It notes the objectives by area that we are seeking and so that letter will probably be available in Washington for people to take a look at. In the nature of some of our other free trade agreements, what we have tried to do is not only open markets, phase the opening as necessary because we're dealing with politics in both countries. But sometimes we can also deal with other elements where we can develop closer economic integration so we were talking with Peter Costello about some areas with mutual recognition. There are some areas that are subject to different regulatory authorities. So again what we see this as is we don't want to make the perfect enemy of the good. We want to have a good comprehensive agreement covering agriculture, manufacturing, services, investment, intellectual property. If you look at the way the United States has done these agreements compared to other countries, they're fulsome. But at the same time we want to try to get this done, as I've mentioned, in President Bush's first term. We want to have political support in both countries to get it done and frankly I see this as a building block to a stronger economic as well as political relationship.

JOURNALIST:

Could you comment on suggestions from some quarters that this breakthrough on free trade is associated with the United States desire to maximise Australia's involvement in any action that might take place against Iraq.

ZOELLICK:

Look this is a trade agreement and the best evidence I can give you of this is that some of you know, I was interested in this idea in 1992 when Iraq was in a slightly different situation. And again our goal is to try to strengthen our economic ties bilaterally. As I mentioned, I think particularly as two developed countries there are some opportunities here in terms of investment and business networks and frankly information technology, which would be increasingly important. I hope we can set some high standards in that. At the same time, as I am proud to say, Australia is a good friend to the United States and that means something to President Bush, it means something to me. That's not why we're doing the trade agreement. We're doing it because we consider it to be in mutual interest. But frankly I'm always proud to be in Australia. I consider Australia a friend.

JOURNALIST:

Can I ask you about the situation in Bali and the investigation going on there. Are you concerned about what happened yesterday with the head of the investigation interviewing Amrozi in front of the media?

PRIME MINISTER:

My overriding goal, and I'm sure I speak particularly for the families who've lost so much, their overriding goal would be to bring to justice the people who committed this awful thing. To do that there needs to be the maximum cooperation between the Indonesian police and the Australian police and that cooperation is aided when there's the maximum public harmony between the leadership of the Indonesian Government and the leadership of the Australian Government. My advice to date is that cooperation has continued. I thank the Indonesians for that. It's very important that it do continue. I really feel very strongly that every effort has to be explored and expended to find the people and bring to justice the people who murdered so many of our fellow countrymen and women, and I don't want to let anything or say anything to get in the way of that.

JOURNALIST:

Don't you think though that some of the families of the victims would be fairly upset by what happened?

PRIME MINISTER:

Well, nobody is more sensitive to the feelings, speaking in public life, nobody is more sensitive than the feelings of those families that I've... as you know, I've met many of them and I've spent a lot of time with them. And I've begun to understand how they feel. I'm speaking, I know their longer term aspiration and I don't really want to, at this stage, say any more than that.

JOURNALIST:

What was your reaction to the confession and the clear lack of remorse for the act?

PRIME MINISTER:

Well, I said at the beginning of this whole thing that I wasn't going to give an operational commentary. I think it's a very bad thing for political leaders to become acting chief superintendents and acting chief police commissioners. I will leave commentary on the detail of the investigation to the Australian Federal Police. They have told me that they're getting very good cooperation from the Indonesian Police, that's what they've told me, and I don't want to say anything more than that. I mean, in the end what we all want is to get the people who did this and every effort and every expression should be directed to that end.

JOURNALIST:

Prime Minister, yesterday the concept of Australia negotiating a free trade agreement with the United States was described as a mouse negotiating with an elephant. Are you confident that there will be a net benefit to Australians and that our cultural and intellectual property and so forth can be protected?

PRIME MINISTER:

Well, the final detail of it has got to flow out of the negotiation. But we are entering this negotiation enthusiastically and in a very dedicated way because we believe that a fair free trade agreement negotiated between our two countries will deliver very significant net benefits for this country. I mean, people have talked about a figure of \$4 billion annually, as in addition to our GDP, perhaps more. And that's an enormous benefit. But we wouldn't be starting the negotiation if we didn't believe that. But I'm not going to preempt it anymore than the Ambassador has. The negotiation, as always, will be tough and vigorous - that's the nature of any these negotiations. But you wouldn't start if you didn't think there were enormous benefits. And can I just in conclusion, I think we probably have to terminate the conference, can I just again thank the Ambassador for his great personal commitment. Can I also thank Mark Vaile. Mark and the Ambassador have worked together very closely now over a significant period of time and the fact that we're here today talking as we are is more than anything due to the efforts and the interaction of those two men. And I do want to record my gratitude to both of them.

ZOELLICK:

Prime Minister, if I can say anybody that's been at a negotiating table with Mark Vaile may call him lots of things, but never a mouse.

VAILE: Thanks, Bob.

PRIME MINISTER:

Thank you.

[ends]